INTERNAL REVENUE SERVICE

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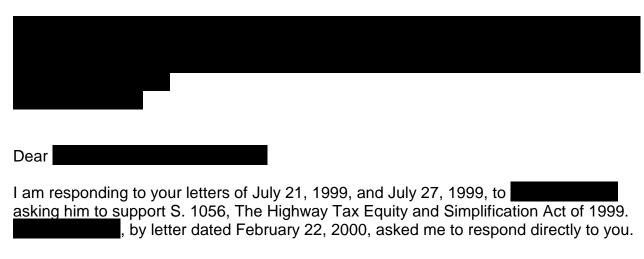
MAR 22 2000

Dear	
On February 22, 2000, you forwarded to constituents,	
	to support S. 1056, The Highway Tax Equity ressed concern that more guidance is needed es.
•	your constituents. A copy of our letter is e, please contact me or Cynthia McGreevy, staff, at (202) 622-3130.
	Sincerely,
	Assistant Chief Counsel (Passthroughs and Special Industries)
Ву:	Richard A. Kocak Chief, Branch 8
Enclosure	



DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE WASHINGTON, D.C. 20224

MAR 22 2000



The Internal Revenue Service has issued both regulations and revenue rulings interpreting § 4051 of the Internal Revenue Code. Without additional information about the vehicles that concern you, I can not provide you with specific citations to the applicable authorities. However, I can provide you with general information concerning § 4051 and guidance on how to request a private letter ruling to obtain a definite reply based on a specific set of facts.

There is a 12 percent excise tax on the first retail sale of certain articles including automobile truck chassis and bodies (including in each case parts or accessories sold on or in connection therewith or with the sale thereof). The tax does not apply to automobile truck chassis and bodies suitable for use with a vehicle that has a gross vehicle weight of 33,000 pounds or less. The sale of an automobile truck is considered the sale of a chassis and body. (See § 4051(a) and (d)).

Under § 145.4051-1(a)(2) of the Temporary Excise Tax Regulations, a chassis or body is taxable under § 4051(a)(1) only if it is sold for use as a component part of a highway vehicle (as described in § 48.4061(a)-1(d) of the Manufacturers and Retailers Excise Tax Regulations). These regulations define a "highway vehicle" as any self-propelled vehicle, or any trailer or semitrailer, designed to perform a function of transporting a load over public highways, whether or not also designed to perform other functions, but does not include a vehicle described in § 48.4061(a)-1(d)(2). The regulations specifically exempt certain specially designed mobile machinery, certain vehicles

specially designed for offhighway transportation, and certain stationary shelters from the definition of a highway vehicle.

Generally, the sale of a chassis or body shall be taxable if the chassis or body is, in any sense, suitable for use as a component part of a highway vehicle. However, chassis or bodies that are actually sold for use, or for resale for use, as a component part of a vehicle that is not a highway vehicle as defined in § 48.4061(a)-1(d), are excepted.

If you would like definitive guidance on whether tax is imposed on a particular vehicle, you may request a private letter ruling by following the provisions of Rev. Proc. 2000-1, 2000-1 I.R.B. 4. I have enclosed a copy of the revenue procedure for your use.

I hope this information is of help to you. If you have any questions or require further assistance, please contact me or Cynthia McGreevy, Identification Number 50-04820, at (202) 622-3130.

Sincerely,

Assistant Chief Counsel (Passthroughs and Special Industries)

By:

Richard A. Kocak Chief, Branch 8

Enclosure